

Central Coast Road to Recovery

Mapping the Way Forward

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Bruce Katz, Director
Nowak Metro Finance Lab
Drexel University

Twitter @bruce_katz

How Should San Luis Obispo and Santa Barbara County economies Think About the ARP?

DISTRIBUTION MECHANISMS IN THE AMERICAN RESCUE PLAN

The ARP is Big

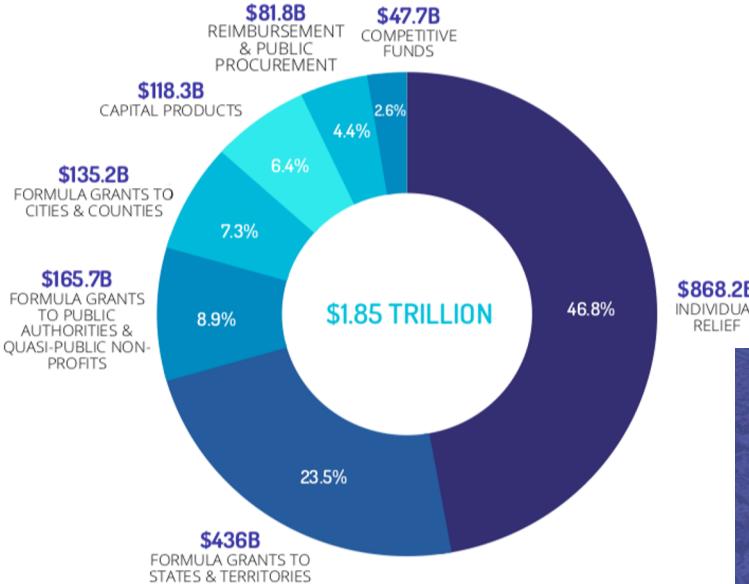
The Nowak Metro Finance Lab's [Federal Investment Guide](#) illustrates how ARP funds will flow to 84 programs from 19 federal agencies, via 7 distribution methods, touching 15+ policy areas. Cities must get organized.

County Flex Funds = Only One Factor

Central Coast counties are eligible for billions in additional funds through grants for schools, public health, housing, economic development, library services and more.

City & County Government Will Play Many Roles

Communicator, coordinator, collaborator, allocator, grant applicant





THE RESCUE PLAN IS BIG & YOU CAN'T DO EVERYTHING



ESTABLISH 3 TO 5 ORGANIZING PRIORITIES

Step 1:
Understand all available
federal sources

Step 2:
Establish a clear set of
priority **local uses**
to drive fund deployment

Step 3: Make an **action plan** to connect sources and uses



Strategic Principles for ARP Funds



A Moment for Transformation

A generational opportunity to rebuild historically disinvested communities to prosper long-term

Maximize Sources & Leverage Other Resources

Prioritize draw-down of federal funding and leverage additional public, private and philanthropic funds

Magnify Impact of Flex Funds

Flex funds should compliment dedicated funds, go to 3-5 priority programs that can't easily be funded through other sources, and leverage outside funding. This will prevent funds from being spread too thin and diminishing impact

Let Equity Drive Priority Uses

Restoring commercial corridors & investing in Black and brown business growth, including in the child care and construction sectors, are areas with promise

American Rescue Plan Latest News

Treasury Releases Guidance

On May 10, Treasury released guidance for the flexible formula grants to cities, states and counties. Guidance are more restrictive than anticipated. Read more [here](#)

SBA Opens Relief

The Restaurant Revitalization Fund, Shuttered Venue Operators Fund and PPP are now open. Priority is being given to WVMBE firms for first 21 days.

Bulk of Opportunity Outside City & County Hall

Individuals & Families must file taxes to receive federal benefits, business & civic groups must come together to drive broader impact.

Early Takeaways from the Treasury Interim Guidance

- ❖ Early guidance favors *rescue* and not *recovery* activities (i.e. fund uses must have a demonstrable link to the public health or economic impact of COVID).
- ❖ Encourages spending in Qualified Census Tracts (same tracts as for LIHTC), there will be additional scrutiny placed on spending that falls outside those zones.
- ❖ Encourages using the funds to compensate for revenue loss through Dec. 2023
- ❖ Provides a list of safe harbor activities.

Sequencing the ARP – Key Short Term Deadlines

Individual Relief		
Program	Admin. Level	Expiration
ACA Plan Enrollment	Federal/State	May 15, 2021*
Tax Filing for CTC, EITC, CDCTC, health credits	Federal	May 17, 2021*
Added SNAP, WIC, P-EBT benefits	State	Sept. 30, 2021
CCDBG Child Care Vouchers for Essential Workers	State	Sept. 30, 2021
Added UI & COBRA Benefits	State	Sept. 2021
LIHEAP	State/Local	Sept. 30, 2022
LIWAP	State/Local	Until expended
Rental Relief	Local	Sept. 30, 2025
Homeowner Relief	State	Sept. 30, 2025
FEMA Funeral Assistance	Federal	Sept. 30, 2025

* Application or tax filing deadline

Key:

First come first served funds that may run out quickly.
Benefits will arrive without much individual action required.

Small Business Relief			
Program	Admin. Level	Application Opens	Application Closes
Shuttered Venue Operators Fund	Federal	Open now	Until expended
Restaurant Revitalization Fund	Federal	May 3, 2021	Until expended
NEH Humanities Relief	Federal	Open Now	May 14, 2021
NEA Arts Relief	Federal	June 2021	Until expended
Paycheck Protection Program	Federal	Open now	May 31, 2021
Targeted EIDL Advance	Federal	Open now	Until expended
Child Care Stabilization Funds	State	Variable by state	Dec. 31 2021 - at least 50% of funds should be obligated
COVID EIDL Loans	Federal	Open now	Dec. 31, 2021

The Small Business Recovery Challenge

The Rescue Challenge

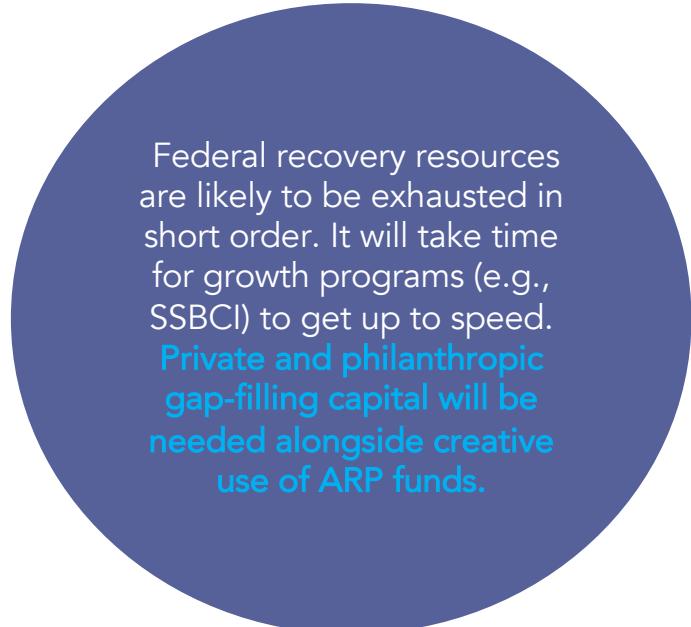
Businesses will need flexible restart capital as a bridge between current capital needs and when consumer demand comes back in full.

The Growth Challenge

Existing businesses & new entrepreneurs will want to take advantage of the rapid return of consumer demand. Both will need working capital – and need it fast.

The Inclusion Challenge

New intentionally designed suite of public and private delivery mechanisms is required to help Latino-owned firms access capital, contracts and customers and participate fully in business recovery and growth.



Federal recovery resources are likely to be exhausted in short order. It will take time for growth programs (e.g., SSBCI) to get up to speed.

Private and philanthropic gap-filling capital will be needed alongside creative use of ARP funds.

The Case for Small Business: Match ARP Sources & Uses

ARP Sources

State Funds
Public Authority Funds
City Funds
Competitive Funds
Capital Products



Match directly with MBE Business Uses (non-exclusive)

Entrepreneurial Support

- Bulk up intermediaries serving Black-, Latino-, and Asian-owned businesses
- Build capacity in intermediaries to help firms with the operations, paperwork and strategy to scale

Capital Access

- Seed a new generation of capital products targeted at MBE entrepreneurs
- Hire navigators to help firms access the capital to start & scale

Supplier Diversity

- Build intermediaries to connect private & public purchasers to MBE vendors
- Focus services on building a pipeline of firms with the capacity to navigate wholesale contracts as primes

Commercial Corridors

- Target efforts around specific geographies and neighborhoods where MBE firms concentrate
- Focus on providing back office services on a corridor-wide basis
- Leverage land-banks to prevent large-scale vacancies

Sector Growth & Diversification

- Focus on scaling firms in sectors with high #s of MBE firms (construction, healthcare, childcare, warehousing and transportation) so they can benefit from ARP & AJP
- Long term: move MBE startups to higher-paying sectors



Sector Growth: Child Care

The high concentration of Black-owned businesses in a few low-wage sectors demands a focus on scaling firms and upgrading sectors.

13%

Thirteen percent of Black-owned businesses are Child Care providers, mostly Women. This figure is likely to be higher for firms with employees.

60%

The average revenues of Black-owned businesses is 60% lower than those of White-owned businesses in the Child Care sector. This is likely related with the service population and socio-economic diversity of families served*.

Source: 2018 Annual Business Survey (2018 ABS) and [The Tapestry of Black Business Ownership in America](#). * In cities in particular, we likely have these child care providers serving high populations of children receiving income-based subsidy, which is often much less payrate than a private pay tuition rate.

The ARP Impacts the Supply and Demand of Child Care

Both supply and demand can advance equity if deployed well. Endeavoring to do both is certainly more challenging but highly necessary for an inclusive recovery.

Expanded Child Care Supply

\$ 25 B

Child Care
Growth &
Innovation Fund

President Biden is calling on Congress to provide, as part of the new infrastructure package, \$25 B to help upgrade child care facilities and build new supply in high need areas.

\$ 24 B

Child Care
Stabilization
Fund

The fund sustains, opens, and reopens child care businesses. This additional funding adds to funding appropriated in December 2020 (\$10 B).

American Jobs Plan

Expanded Child Care Demand

\$ 15 B

Child Care &
Development
Block Grant

This expands child care demand by increasing the size and reach of vouchers for low-income families. The block grant also addresses quality in programs. This funding adds to funds appropriated in March 2020 (\$3.5B).

\$ 1 B
Head Start

The program sends funds directly to local agencies or governments. It has flexibility to expand demand and/or improve supply.

Child and
Dependent Care
Tax Credit

Credit increased to up to 50% of \$8,000 in expenses for one child and is made refundable. Thus, even parents who owe no income taxes can take advantage of the credit. Additionally, the CTC could add* \$60.4 B to the pockets of low-income families and \$22 B for moderate-income families.

American Rescue Plan

Key Takeaways

Focus on the entire American Rescue Plan and plan holistically

Understanding the breadth and depth of the funds and speed required for deployment is essential

Questions and Comments